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STRATEGIC EVALUATION OF ORGANIZATIONAL PERFORMANCE LEVEL OF THEOANDO MARKETING IN NIGERIA

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ABSTRACT

This study examined the significant impact of both financial and non-financial variables on performance of Oando Group Nigeria Plc. Specifically, the study examined the relationship between financial variables (Profit before tax, Profit after tax, Share capital and Share price) on the performance of the Organization. The relationships between Non-Financial variables (Scholarship, Educational endowment, Orphanage, Sponsorship, Donations Renovations, Claims and Staff strength) and Organization performance (Sales, Operating profit and Turnover) were evaluated.

The entire value chain of the Organization constituted the study population. Primary data were avoided to obtain a realistic result; the secondary data used were generated from the company Annual Reports and Accounts covering the period of post-merger (2009-2018). Data were analysed using the Inferential Statistic tools such as Pearson Correlation (r) and Canonical Correlation (R).

The canonical analysis of the value (0.89) revealed that financial and non-financial variables have impact on performance of the Organization. The financial variables were all significant ($p<0.05$) at 32% (Profit pre-tax), 52% (Profit post-tax), 33% (Share capital) and 63% (Share price). With the exception of staff strength, other non-financial variables were significant ($p<0.01$) at 96% (Scholarship), 52% (Educational endowment), 64% (Orphanage), 97% (Sponsorship), 69% (Donations), 71% (Renovations) and 86% (Claims). The t-test revealed significant ($p<0.05$) relationships between financial variables and non- financial variables. A significant co-joint ($p<0.05$) relationship was obtained between financial and non-financial variables with the correlation of coefficient (r^2) of 0.758; an indication of a veritable measure of performance.

The financial variable though a good measure of organizational performance, however, the inclusion of non-financial variables used alongside it, yielded a robust and better measure of organizational performance.

Key words; Strategic Evaluation, Organization Performance,Financial,Non financial.

INTRODUCTION

The global economy has been affected by economic downturn which needs recovery and it cut across every sector and subsector of the economy like Oil and Gas, Educational, Agricultural, Telecommunication, Health among others. This global recession started in 2007 but in 2009 the economy contracted by 1.1% and 4.5% in 2010 in which the developed nation recovered from a negative Gross Domestic Growth (GDP) United States (+2.7%), Russia (+3.8%), Japan (+3%) and European union (+1.8%) while the emerging economies maintained impressive growth rates with china (+10.3%) India (+8.3%) and Indonesia (+6%). In Nigeria the militant activities in the Niger Delta have resulted to reduction in oil production and prices and as such revenue of the nation, has reduced. Hence, the GDP as of 2010 was 7.90% and oil price/barrel was & 80 with production reaching 2.45million bpd which leads to increase in revenue later after the years, 2011 and 2012. The foreign direct investment was estimated by organization of the petroleum exporting countries (OPEC) of a production level of 2.9mn bpd by 2015. The nation growth performance in 2011, with GDP expanding to 7.1% before moderating in 2012 to 6.2% closer to medium term growth rate. The oil sector growth benefiting from new offshore development and improved security situation in the Niger Delta area.

Thus, strategic management is a well coordinated process to examine the company's situation and then formulate, suggest, implement, and control. They further expanciate that it is an ongoing process of formulating and implementing comprehensive plans that help the organization fulfill its mission and achieve strategic goals (Stoner et al., 2008,Courtland *et al*., 1993).

The sector employed thousands of Nigerian, with itsbranches in Ghana , Togo, Benin, Liberia and Sierra Leone in which he is involved in downstream, midstream and upstream of the sector, which can be subdivided into marketing division, supply and trading, terminals and logistics division (downstream operation), finally (upstream) energy service division and exploration and strategic management.

Skye (2012) established that, there are over 70 oil and gas companies in Nigeria but about 10% that is 07 seven of them are major marketers out of which Oando is the largest marketers in the downstream division and controls 25% market share of import supply including 20% of the entire fleet of trucks.

Performance measurement from extent literature is multi-divisional which includes financial and non-financial (i.e operational and stakeholder) domains point and Shaw (2003), Kaplan and Norton (1993, 2000) Clark (1999), Mike *et al.* (2000).

The financial measures are considered as past oriented or backward-looking Ittner and Larckner(2003). It is not proactive and do not equip managers with what to do to improve performance in the future. The total reliance on financial measures alone fororganizational performance cannot be used to address the many strategic and dynamic nature of the firm environment. Ambler. (2000), Ahn (2001), focus was made to a wide perspective of the firms now place emphasis on Sureschander and Leisten (2005), firms now place emphasis on the use of financial measure alone but social and environmental issues Hubbard (2006), The non-financial measure sees the view of the stakeholder to include the employee representation, customers, suppliers, government, industry bodies, local communities Owen(2006) Brown and Frazer (2006), Steurer (2006).

Methodology

For the purpose of this study secondary data were used to analyse the annual report and account of the years 2009-2018that is 10years. Meanwhile, figures were generated to deducethe financial and the performance of the non-financial measures of the organization.The financial measure are generated from the trading, profit and less accounts of the organization over the years and the non-financial variables which are not capture in the trading and loss account which involves their involvement in educational programme and sponsorships that is giving back to the society.

RESULTS AND DISCUSSION

There is no significant relationship between financial variables and organization performance

Variable	Pearson R	Canonical R	P	Remark
Profit before tax	.323**	.89124	.000	Sig
Profit after tax	.525**		.000	Sig
Share capital	.330**		.000	Sig
Share price	.630**		.000	Sig

**Sig. at .01 level

Source: Data Analysis (2019)

The above table shows the summary of the result of relationship between financial variables (profit before tax, profit after tax, share capital and share price) and organization performance. The analysis shows that there is a positive correlation between financial variables and the dependent variable Organizational performance. All the entire independent variable is significant at 1% level of significance, the individual relationship of the financial variable show that: Profit before tax (r =323**, P = <.01), Profit after tax (r =525**, P = <.01), Share capital (r =330**. P < .01) and Share price (r == 630**, P = <.01). With these respective values, it means that 1% change in Profit before tax will result in 32.2% change in organization performance. Similarly, a 1% change in profit after tax, share capital and share price will respectively reinforce 52.9%, 33.0% and 63.0% as revealedby the study. As result of this, we can conclusively say that financial variables (profit before tax, profit after tax, share capital and share price) influence organization performance as shown by the respective result of the analyses.

There is no significant relationship between non- financial variables and organization performance

Variable	Pearson R	Canonical R	P	Remark

Scholarship	.969**	.89124	.000	Sig
Education endowment	.529**		.025	Sig
Orphanage	.643*		.045	Sig
Sponsorships	.976**		.000	Sig
Donations	.698*		.004	Sig
Renovations	.715*		.020	Sig
Claims	.862*		.001	Sig
Staff strength	.464		.341	Not Sig

* Sig. at .01 level * Sig. at .05 level

Source: Data Analysis (2019)

The above table shows the summary of the result of relationship between non-financial variables (scholarship, education endowment, orphanage, sponsorships,donations, renovations, claims and staff strength) and organization performance.

The analysis shows that there is a positive correlation between non-financial variables and the dependent variable Organizational performance. Of the entire independent variables, only the staff strength is not significant. The individualrelationship of the non-financial variable shown that; scholarship (r =969**, P = <.01), education endowment (r =529*, P = < 05), orphanage (r =643*, P = <.05), sponsorships (r =976**, P = <.01), donations (r =698*, P = <.05), renovations (r =715*, P = <.05) and claims (r =862**, P = <.01). With these respective values, it means that 1% change in scholarship will result in 96.9% change in organization performance. Similarly, a 1% change in education endowment, orphanage, sponsorships, donations, renovations and claims will respectively reinforce 52.9%, 64.3%, 97.6%, 69.8%, 71.5% and 86.2% as revealed by the study. As result of this, we can conclusively say that non-financial variables (scholarship, education endowment, orphanage, sponsorships, donations, renovations and claims) influence organization performance shown by the result of the respective analyses.

There is no significant difference between financial variables and non-financial variables as a predictor of organization performance.

Variables	T	Df	Sig ofP	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Financial	3.481	9	.007	4400554.053	1541144.215	7259963.890
Non-financial	2.579	9	.049	19661295.80	-8514444.089	47837035.68

Source: Data Analysis (2019)

The above table displays the result of the t-test analysis of the difference between financial variables and non-financial variables as a predictor of organization performance as a predictor of organization performance. The analysis reveals that both financial variables ($t = 3.481$, $p = .007$, $\mu = 3.579$) and non-financial variables ($t = 39.389$, $p = .000$, $\mu = 3.803$) are significant at 5% level of significance. With this result, we can conclude that there is significant difference between financial variables and non-financial variables as a predictor of organization performance.

Conclusion and Recommendation

Strategic Evaluation evaluated the effectiveness of a strategy in achieving organizational objectives, and it efficiency but major writers accept the use of financial measures in measuring an organizational performance but the balance score card shows that non- financial measures also plays a role in measuring an organization performance but this paper shows that both financial and non-financial performance measures should be use alongside to determine the performance of an organization by the stakeholders in the industry**.**

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